

DATE: February 24, 2015

TO: Jerry Jung, Chairman
State Transportation Commission

FROM: Kirk T. Steudle
Director

SUBJECT: Waiver of Commission Approval

The project and description documented in Exhibit A-2, attached, was let by the Michigan Department of Transportation on February 6, 2015. This project required pre-approval as the engineer's estimate was over \$500,000. However, the low bid received was more than 10% over the engineer's estimate and, therefore, requires approval by the State Transportation Commission. The approximate three-week delay resulting if Commission approval were deferred to the March 19, 2015, Commission meeting would delay the transmittal of the contract documents to the low bidder, and could also jeopardize the city's ability to receive funding from the Drinking Water Revolving Fund Program which the city is receiving some of the Livingston water main funding for this project. The Order of Approval must be issued by the DEQ by March 3, 2015, and in order for the order to be drafted for signature/approval, DEQ must be assured that it is MDOT's intent to award the project. The release of the contract documents would be evidence of the intent to award.

Thus, a waiver of the required Commission approval is requested, as provided in Commission Resolution 79-3, as amended, footnote F:

"If, in the opinion of the Director, the public interest requires that a certain contract be awarded or an agreement be executed prior to approval by the Commission, hereunder, the Director shall seek a waiver of the required approval from the Chairman of the Transportation Commission. If the request of the approval is verbal, the waiver shall be confirmed, in writing, within fourteen (14) days."

If the waiver is granted, the Department will proceed to execute the item noted above.

Signed Original on File

Director

The request for waiver of Commission approval of the above mentioned item is approved.

Signed Original on File

Chairman

approved February 26, 2015, signed March 3, 2015

Date

REQUEST FOR MICHIGAN STATE TRANSPORTATION

COMMISSION APPROVAL

LETTING EXCEPTIONS AGENDA

February 24, 2015

The following projects have been pre-approved, and are being returned for re-approval after meeting the exception criteria by the State Transportation Commission.

LOCAL PROJECT

1. Letting Of February 6, 2015
 Letting Call: 1502 023
 Project: STU 41481-124551
 Local Agreement: 14-5659
 Start Date: March 16, 2015
 Completion Date: September 30, 2017

Low Bid: **\$8,915,951.80**
 Engineer Estimate: \$7,331,749.50
 Pct Over/Under Estimate: 21.61 %

1.09 mi of hot mix asphalt reconstruction, storm sewer, concrete curb, gutter, sidewalk and ramps, landscaping, watermain, sanitary sewer, and pavement markings on Lafayette Avenue from Bradford Street north to Leonard Street, on Leonard Street from Lafayette Avenue east to Ashland Avenue, and on Cedar Street from Clancy Avenue east to Lafayette Avenue in the city of Grand Rapids, Kent County.

4.00 % DBE participation required

Bidder	As-Submitted	As-Checked	
Schippers Excavating, Inc.	\$8,915,951.80	Same	1 **
Diversco Construction Company, Inc.	\$9,212,376.03	Same	2
Nagel Construction, Inc.	\$9,229,810.13	\$9,229,810.63	3
Kamminga & Roodvoets, Inc.	\$9,333,727.43	\$9,333,727.93	4

Total Number of Bidders: 4

On receipt of your approval, projects will, at the Director's discretion, be processed and awarded to the low bidder. I approve the projects described in this agenda and authorize the award by the responsible management staff of MDOT to the extent authorized by and in accordance with the December 14, 1983, resolution of the State Transportation Commission and the Director's delegation memorandum of June 17, 2014.

Respectfully submitted,

Original Signed

Kirk T. Steudle
Director

OFFICE MEMORANDUM

DATE: February 24, 2015

TO: State Transportation Commission

FROM: Jack Cotter, CPA
Commission Auditor
Office of Commission Audits

SUBJECT: Justification Memorandums

Attached for your information is the department's justification memorandum for an Exhibit A-2 item where the low bid exceeded the engineer's estimate by more than ten percent.

Signed Original on File

Jack Cotter, CPA, CGMA
Commission Auditor

Attachment

DATE: February 24, 2015

TO: Myron G. Frierson, Director
Bureau of Finance and Administration

FROM: Mark A. Van Port Fleet, Director
Bureau of Highway Development

SUBJECT: Justification Memo for Bid Acceptance in Excess of 10 Percent of Engineer's Estimate

Letting Date: February 6, 2015

Project Description: 1.09 mi of hot mix asphalt reconstruction, storm sewer, concrete curb, gutter, sidewalk and ramps, landscaping, watermain, sanitary sewer, and pavement markings on Lafayette Avenue from Bradford Street north to Leonard Street, on Leonard Street from Lafayette Avenue east to Ashland Avenue, and on Cedar Street from Clancy Avenue east to Lafayette Avenue in the city of Grand Rapids, Kent County.

Project Number: 41481-124551

Item Number: 1502 023

Low Bidder: Schippers Excavating, Inc.

Eng. Est: \$7,331,749.50 Low Bid: \$8,915,951.80 Difference: \$1,584,202.30 Percent: 21.61

The following shows the engineer's estimate and the proposed bids received for this project:

Engineer's Estimate	\$7,331,749.50
Schippers Excavating, Inc.	\$8,915,951.80
Diversco Construction Company, Inc.	\$9,212,376.03
Nagel Construction, Inc.	\$9,229,810.63
Kamminga & Roodvoets, Inc.	\$9,333,727.93

EXPLANATION FOR DIFFERENCES

The low bidder had unit prices that varied from the normal range. The main items found to be higher than the engineer's estimate were the jacked in place steel casing pipe, sanitary sewer items, mobilization, and minor traffic devices. These items were bid higher than normal because of unique items of work, multiple phase construction, non-production construction methods, and maintaining traffic restrictions. The jacked in place steel casing pipe and sanitary sewer items were bid higher than normal because the risk involved working in an urban environment. There are only a few contractors in the area who can perform this type of work and all four bidders had similar unit prices on these items. The mobilization and minor traffic devices were bid higher than normal

because of the non-productive nature of the work. The contractor will have to be extremely careful when excavating around the existing utilities in the area. Also, there are two separate phases of construction on this project with various maintaining traffic restrictions. Maintaining traffic restrictions require that all work be conducted during day time hours only. Night work may be permitted at the discretion of the engineer, however any additional cost will be borne by the contractor. The local agency estimator considered these factors when estimating this project but was unable to precisely predict the unit prices.

OVERALL CONCLUSION

As indicated in the above analysis, the low bid is over the engineer's estimate because of unique items of work, multiple phase construction, non-production construction methods, and maintaining traffic restrictions. This project received four bids ranging from \$8,915,951.80 to \$9,333,727.93 which varied by 4.69 percent. The three lowest bids varied by 3.52 percent. We believe that rejecting these bids and re-letting this project will not result in lower bids and the low bid should be considered reasonable based on the factors discussed.

The Bureau of Highway Development and the city of Grand Rapids requests that this project be awarded to the low bidder based on the above conclusion.

[Signature on File]

Director, Bureau of Highway Development

BOHD:DD:QA:MAS:st

cc:	K. Steudle	B. Wieferich	K. Curtis	H. Stinson	MDOT-eProposal
	L. Strzalka	J. Mullins	G. Johnson	K. Farlin	M. Fedewa
	J. Cotter	G. Frens	D. Parker	B. Rottiers	M. Shulick
	A. Zokvic	T. Tellier	V. Weerstra	R. Safford	B. O'Brien